

Gambling Control Board Workshop
RFP – Control Site Monitoring System
Todd Elsassur, Speaker from Gaming Industries International (GLI)
9-8-04
CMCC 500 Civic Center Drive, Augusta

Meeting opened at 1:34 p.m.

In attendance:

Board members: Larry Hall, George McHale, Jean Deighan, Peter Danton and Mike Peters

Department of Public Safety: Commissioner Michael Cantara, Lt. Timothy Doyle, Lt. Thomas Kelly, Contract Specialist Tracy Poulin and Secretary Kathy Chamberlain

Ned Menoyo, Consultant/Pierce Atwood Consulting; Robert Tardy, Scarborough Downs; William Hathaway, Maine Harness Horsemen's Association; Andre J. Surmalz, IGT/Acres Gaming; Cara Iddings, IGT/Acres Gaming; Tom Federle, Scientific Games; Barry Hobbins, IGT; George Pooler, Bangor; Matt Cedor, GTECH/Spielo; Jordan McCabe, GTECH/Spielo; Kelly Arata, Preti/Flaherty, Augusta.

Guest Speaker: Todd Elsassur, Executive Director of Engineering for GLI (Gaming Industries International)

Opening Statement:

Commissioner Cantara opened the meeting by advising the group that Todd Elsassur was requested to come here by the Dept of Public Safety and the Gambling Control Board to provide more information regarding the control site monitoring system. Commissioner Cantara stated that he is in hopes that we will be in a contractual agreement with GLI in the near future. GLI is nationally and internationally known.

Lt. Doyle passed out a packet of materials to the group which included a copy of the RFP; comments from other people which was all included i.e. letter from Chris Howard, attorney for Penn National with some comments; copy of email from Utilistar to Todd Elsassur regarding the RFP; a set of questions crafted by Penn National, requesting that we ask of Mr. Elsassur while he was present; and comments by Mr. Elsassur on his review of the RFP thus far. RFP has been changed thus far reflecting some suggestions from Mike Peters through email and the state budget office has made thus far, though they will have the opportunity to look at it again.

Todd Elsassur from GLI:

GLI is the largest independent testing laboratory in the world. He advised he had been asked to come speak to the board about the various issues of: one wire vs. two wire; control system vs. a monitoring system, what one state has done vs. another and to try to

clear up any misperceptions and inadequacies that may have occurred and to explain how these systems operate. GLI does not rate one system over another or advise anyone to buy one system over another. They can advise how different systems are being operated in the country and what might work best for Maine, under the framework of the law passed (1820). Ultimately the system Maine wants will be one of security, integrity, efficiency and be safe to use. Both systems will provide that. The question would be to the Board: how much control does the Board want over the gaming machines? Complete control (central system)? Or system to assist manual procedures. How do you want to get your information back? How do you want to do the actual day-to-day operations? Electronic solution or an electronic with manual assistance? Bottom line is one wire versus two wire.

One wire – similar to Las Vegas, Atlantic City, Louisiana, Missouri and on the riverboats. Single wire goes to an Accounting System, which handles all security and financial information and can be done in Real Time. You can get information instantaneously through configuration of the system. Real Time means essentially if someone is breaking into a machine, the second after the door is opened – you are notified immediately on someone’s desk or whatever is in place. Single wire is used by some of the largest operations in the world.

Two wire – evolved from the original video lottery system. Used to be a single wire system used by the lotteries and original application was for bars and taverns. Then it was moved into race tracks (racinos) and casinos. That’s the way the system has evolved.

Accounting information was presented to the Lottery for financial and security reasons in the format they needed. Casinos approached the Lottery and advised that the application was great, but it didn’t quite fit the bill for them. The Lottery cared that there was \$100 in the stack. The Casinos also would put in \$100, but they wanted to be able to account for every \$1, \$5, \$10, \$20 in the stack in cases where the customer that just put in \$5 and got a \$5 credit. Thusly, they wanted to know if possible, what order the bills came in as they needed it for their records and therefore needed a different presentation. At the time, the Video Lottery system did not have that capability. So they allowed the Casinos to put their own system in to track the information they needed.

The original system was bought by the state government for state government use under state law. Thought wasn’t given or needs recognized to/for Casino operators wanting to utilize the system, so it was something that was added on and the “two-wire” system was born. Original system was in fact cumbersome, slow, harder for manufacturers to implement etc. Over the years, they have improved the technology so that the turnaround information is quite fast and the machines made are such that one can be unplugged in one state and plugged in, in another and it’s up and running with very minor programming changes.

IGT developed a system called SAS – or Slot Accounting System that was donated to the gaming industry and manufacturers association. Atlantic City, Nevada and Louisiana run pretty much 24/7. If there’s a malfunction, the enable/disable function is on in the SAS. The machine can simply be turned off and back on again, and it’s running. The gaming

software is remotely verified as running accurately. This is only used on video gaming jurisdictions. That is one difference between the machines i.e. from W. Virginia and Atlantic City.

One Wire – requires that staff would be needed at the track to make chip changes in the machine. Not often that changes would be made to all machines, but possibly in Maine, changes may possibly be needed to be done once a week, especially with a new setup. Changes are evolving all the time and it's possible it could change in another 6-9 months to make things easier. Example would be that the \$20 bill is changing shortly and all the money changing machines will have to be redone. It's a marketing decision as to how often the games are to be changed. There is a Trade Show coming up in October and there will be many new games presented by vendors. It all depends on how often you want to change games, put in new ones, requiring new chip changes by staff, manually done.

Second difference i.e. between Nevada and New Jersey is the ability to remotely verify the gaming software that's running in the machine. Whenever operator wants to change software, they go in and remove the chip, the state comes down and verifies that the new chip on each machine on an individual basis is correct, and is the same one that's been approved and is put on an electronic device called a "kobitron", which is the size of a small briefcase. This machine actually gives a fingerprint to the software that's being put in. If it matches the master, then it's put into the machine. If it doesn't, you go get another chip because there's something wrong with that one i.e. programming etc. It's a manual process. GLI contracts with the New Jersey State Police to go in every day to make chip changes, kobitroning, verifying that the games are correct. That's a very expensive, time-consuming process. So, **one wire** system will require people at the track available to make the chip changes.

Occasionally machines do break, processors go bad. Logic determines that when the game software compartment is entered, the game is checked to make sure it is good to run. State Police evidence tape is put on the new chip. If chip changes are done by the Regulator, the expense will be to State Police, unless SP can pass it on to the Racetrack/Casino. State Police rep. has to be present for chip changes. You can have outside contractors do it such as GLI. SP will still have to provide one representative to be there if GLI is there, making chip changes. GLI can also train the SP personnel to do the changes. You may need one SP regulator for 1500 machines. Full chip changes for all machines can be done all at once, takes 3-4 days to probably do 1500 machines. A ram chip is put in that erases all former memory each time a new chip is put in. IGT has set chip.

One wire – manual process. The Regulator has to verify that it was done properly.

Two wire – system process. The control and configuration is done through the system level. It verifies, configures and configures that the change was done correctly. It can be done by the system. If it is not done right, the machine will not come "live." It costs more to have this system, but will require less staff. If you don't want a computer operator maintaining the two-wire system, which would allow minimal personnel if you

contracted out with a 3rd party to do it. No matter which system you choose, you will still have the information you need – fair, accurate information.

Question asked of Commissioner Cantara by the Board if LD1820 spelled out in the fiscal note, how many staff could be hired. He replied that LD 1820 provides for 11 positions to start the regulatory process.

Lt. Doyle inquired from Todd to verify and then explained that the **two-wire** system is actually two systems. One owned by the racetrack and one owned by the state.

Board Member Larry Hall inquired if Todd knew the manpower needed for each system? Can the bids through the RFP process be based on price alone?

Todd advised that he didn't work usually in that area of manpower, but that RFP's are not usually done based on price alone. You usually tell the bidder what you want and they have to tell you what they can do for you and at what price it will cost you to have them do it.

It can be subcontracted to GLI or a 3rd party company for onsite inspections.

Todd suggested that perhaps a new alternative might be that Maine allows the track to take on some responsibility to make sure things are configured properly i.e. use track/racino personnel to do the chip changes etc. This would be with **one wire** system.

Board Member George McHale advised that the bottom line was to get a simple system with security. We need to go out to bid with RFP's and see with what vendors come back.

Board Member Mike Peters inquired from Todd Elsasser, (who had looked the RFP over previously and had made comments on it), if the RFP was worded well enough to invite both one wire and two wire companies to bid? Todd's response was no, it leaned a bit more towards the two wire system. It needs to be worded in places that would invite the one-wire system folks to be encouraged to bid.

One wire – would require a log in form for those going in manually, into the logic box.

The securities on both systems are about the same. What happens afterwards is the difference. Human intervention or system?

Two-wire – Video Lottery system. The central system has an exact image in the field so that both are verified. Eliminates human error. **One wire** – the system will not do calculation. It has a look up table. It looks to see if it's there. If it is...fine. That's verification enough.

Mr. Elsasser was then asked if it was his opinion that the security was as good with the one wire system and it was his personal opinion that it was not...

Chairman George McHale advised that we want the control and be able to do it remotely, with quick access to disable. All board members in agreement.

Commissioner Cantara asked Mr. Elsasser what system, given the mandates from LD 1820, would accommodate the least number of state employees?

Mr. Elsasser advised if the state does not want to actively run the system itself, (which would require a few operators to monitor consoles 24/7), if you contracted that out to a 3rd party source or went to a system provider to run the system for this computer, then the two **wire** system would allow for the minimal amount of state employees. Contractor would take care of most of the day-to-day operations. You will still need some personnel to go do investigations etc. a State Police presence and will still need our presence, but it won't be as large a presence to do that. The system can verify the software so you don't have people having to go there with the kobitrons etc. more expensive. I don't know what the cost of manpower would be – i.e. cost per hours, benefits etc. I don't know what the breakdown would be with one system vs. another, but I would expect it to be about the same with either system. Either system will give you a fair, honest game at the end of the day. It's a matter of who is running it, who's controlling it, who's sitting at the console, are you going to do it electronically or use the electronics to assist manually.

Chairman George Hale inquired which system required more trust to operate? Is there a trust factor at all?

Todd advised there is a trust factor for yourself. In Delaware, the lottery trusts that the Scientific Games people running the system are not going to do anything to mismanage the books. In Louisiana or Connecticut, the state trusts that the Casino operator is not going to do anything to them. There has never been an incident where the Casino operated company or vendor has ever done anything to defraud or deceive. It's almost unheard of for something like that to happen. If it ever came out that somehow something was done to manipulate the figures, mismanage the books, they would lose their license and cease to operate overnight. The punishment would be so severe it's beyond comprehension. An individual may try to steal, but both systems have a series of checks and balances and you're going to catch them.

Commissioner Cantara advised that he would like to see a Bid Review Committee formed once the RFP's are returned. The Board of course has the final decision, but the Committee could get technical advice and advise the Board. GLI could do some technical advice. He advised the Board that the reason the Governor created the Board in the first place was to have oversight and to ensure integrity in this new gaming venture for the State of Maine.

Board Member Jean Deighan inquired from Todd, if down the road, we had others apply to run a Racino, would either system run multiple sites? Todd advised that they could. Right now, **single wire** system cannot do ticket in, ticket out. It must be controlled by the casino.

Commissioner Cantara inquired of Todd in reference to Pennsylvania's recent decision to run 62,000 machines.... how would this affect or does it affect our RFP process? What

resources would vendor provide for start up help? Training, etc.? Todd recommended that in the RFP, we also request that the machines be new, not used. There are used ones out there.

Lt. Doyle advised that the RFP's are planned to be released on 9/17. Should we list in the RFP's Option #1 one wire, Option #2 two wire, Option #3 a different type of system?

Todd advised that RFP's again, are not worded that way but are usually telling the vendors what YOU want and they tell you what THEY can do. He also advised that you could ask the vendors to also include any system they may have come up with, of which we are not aware of at this moment.

Board Member Larry Hall asked Todd if you disable a machine, the computer ends its responsibility in that fashion, you'd have to have a physical body there to see what's gone wrong or what's happened to the money. Todd replied that it would depend on why you disabled the machine. If someone had entry to the machine and you want to find out what's going on there, you would send somebody out to check it from State Police. That would mean a physical body to go out there. If someone won a really large jackpot, you would want someone to go out and verify it. That might be able to be done onsite with someone there. Usually large jackpots aren't given out all at once or immediately, so there's time to look into it. Larry advised he's just trying to get a handle on the number of bodies needed.

Board Member Jean Deighan advised that she thought the RFP's were going to be changed to ask the vendors to advise how many persons it would take to run their system, so the Board could get an idea.

Todd advised that he could inquire for the Board from the various state regulators, how much manpower they were utilizing in the various types of systems. He would be willing to gather that information. The Board agreed that this would be very helpful.

Lt. Doyle advised that Penn National has provided a mock up of costs associated with the system, personnel at \$50,000 each. The Commissioner has made it abundantly clear that we are not going to get more people (then the 11 provided in LD 1820).

Board Member Jean Deighan inquired (in reference to sheet of questions from IGT of which everyone received a copy) about the question dealing with GLI's final review of the draft RFP, if there was anything the Board would be asking for in the RFP that would require the potential bidders to reveal their trade secrets and therefore needs to be treated as confidential? Todd advised yes, that there would be sections that should be kept confidential.

End of workshop at 3:40 p.m.

Executive Session:

Board Member Jean Deighan made a motion, citing Title 1, Sec 405 Subs 6, subparagraph A to go into Executive Session in order to discuss further the Executive Director applicants. Mike Peters seconded it. All in favor.

Executive Session ended at 4:42 p.m. Motion made by Larry Hall, seconded by Mike Peters. All in favor.

Respectfully submitted,
Kathy Chamberlain
Gambling Control Unit